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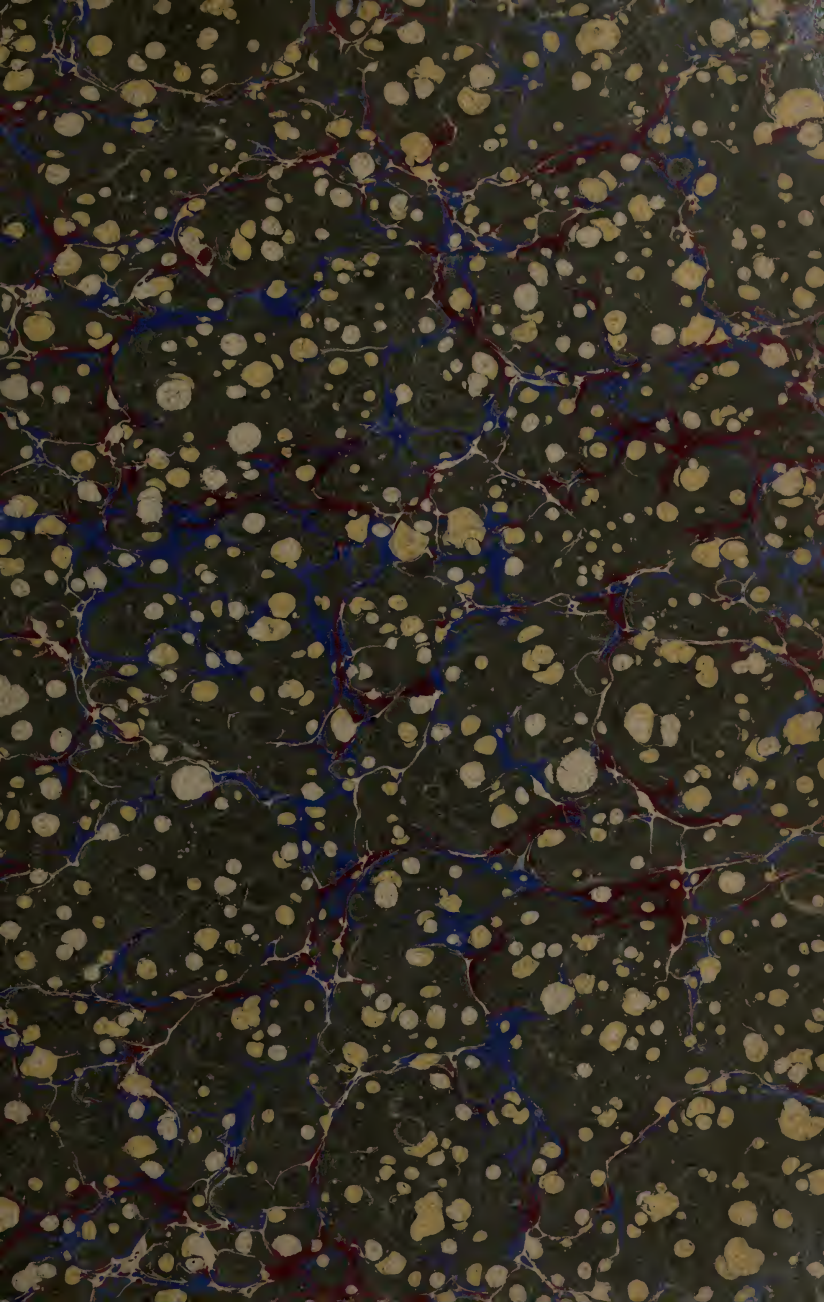
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ECONOMIC MONOGRAPHS. No. IX.

FRANCE

AND

THE UNITED STATES:

THEIR PRESENT COMMERCIAL RELATIONS CONSIDERED WITH
REFERENCE TO A TREATY OF RECIPROCITY.

COMPRISING PAPERS BY M. MÈNIER, LÉON CHOTTEAU,
PARKE GODWIN AND J. S. MOORE.

NEW YORK

PUBLISHED FOR THE N. Y. FREE TRADE CLUB
BY G. P. PUTNAM'S SONS

182 FIFTH AVENUE

1878

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I.

COMMERCIAL DIPLOMACY.

BY PARKE GODWIN.

The people of the United States, are, by natural position and circumstance, the producers of nearly every thing that enters as raw material into the diversified industries of mankind. Our soil, so fondly nursed by various and benignant climates, yields immeasurable quantities of the cereals, which are the main elements of food, of the textiles which are the principal elements clothing, of the oils and coals which are the elements of fuel and light, and of the metals, which supply not only tools, implements, furniture and framework for houses and ships, but the standards of value for the world.

With resources so copious, which might be made ten times more than enough for the satisfaction of our wants, there is no valid reason why the nations of the earth, or any of them, who desire to trade with us, on equitable

terms, should not be allowed to do so. On the contrary, there are many and forcible reasons why they should be allowed to do so. It is not to be presumed that any nation would be so foolish as to wish to trade with us, or to extend its trade with us, unless it expected to get some advantage out of the trade. It is certain that we should not consent to trade with them, unless we expected to get some advantage out of the trade. Both must needs be benefited before the bargain can be struck, and if both are to be benefited, why not strike it at once?

It is universally deemed a great hardship when any part of the globe is cut off from the rest of it, by the rigors of the seasons, or tempestuous intervening seas,—a hardship to the part so cut off, and to the other parts which must forego an easy and profitable intercourse with it,—or a reciprocal and double hardship. Must it not be regarded as a similar hardship, when the several parts of the globe are separated by arbitrary and blundering legislations which add to natural obstacles others that are merely artificial? These hardships are aggravated when the parts so cut off abound, as in our own case, in natural wealth. Is it not a shame and a pity that they who are eager to partake of our abundance and to give an equitable return for it should be prevented by factitious hindrances, such as ignorance, stupidity or a mistaken selfishness often create?

During the height of our civil war, Mr. Lamartine, the

distinguished French author, addressed a letter to the crowned heads of Europe, advising them to combine in a common effort for the overthrow of the western republic. The ground of his advice was that if they did not do so, and the United States were permitted to retain their integrity, and to grow up to their full stature,—they would soon become, by means of their rapid material development,—commercial despots,—the controllers of the affairs of the world. All other nations would sink into comparative tributaries. We are indebted to them now, he said, for a very large part of what we eat; we are indebted to them for that staple, cotton, which is the principal stuff of what we wear; we are indebted to them for the cheapest and the best of lights, petroleum,—and we are indebted to them for the universal measure of wealth,—gold, on which the stability of the vast operations of commerce, and the ultimate liquidation of debt, depends; and our vassalage in all these respects, will increase as they increase in power and prosperity. They will be able, by prohibitions or by concessions as they please to render the markets of the world their servile instruments.

Lamartine was a good deal more of a poet than he was of a publicist, but there was nevertheless a substantial basis of truth in his position. Our country is able to put itself at the head of the commercial world, to make all the nations tributary to it, in a material sense; but it can do so,—not by hostile and restrictive legislations, but by a

wise and generous policy, which shall induce the nations to become consumers of her products. We have already no real rivals in the fields of agricultural labor; we have few only in the coarser branches of manufacture; and we should very soon have none in either, if we cultivated our privileges, in a large, enlightened, liberal way, instead of indulging in an ill-informed, narrow, jealous, and selfish spirit. The products in which our country teems, and which constitute its wealth, would become a tenfold, nay a hundred fold wealth, if they could be freely exchanged with the products of other countries; if, when we are asked to engage in such exchanges, instead of turning churlishly away, or hitting the solicitor on the head with a club, we gladly embraced the proffers of reciprocal benefit.

Among the nations whose better instructed citizens hold out their hands to us and say: "come and trade with us more largely," is France, our old Revolutionary ally, that, after years of bloody struggle has at length become, permanently, as it would seem, Republican, in form and in spirit; that is easily the first of the nations in the nicer industrial arts, that could enrich us with the best works of skill and genius, as we could enrich her in the rarest treasures of the earth. This great nation, through her representative classes, requests of us to deepen and enlarge the trade which is already so beneficial to both, and how can any disinterested or far-seeing American resist the appeal? She does not urge upon us anything imprac-

ticable or untried ; she does not ask an unlimited amount of freedom of interchange, which will no doubt come in time,—but simply a broader and better regulated exchange to be determined as the Cobden-Chevalier treaty of 1860 between Great Britain was determined, by competent and clear-headed men, by a mature study of all the actual circumstances of the case, with a full recognition of all existing interests, yet a calm bold look into the interests of the future. How beneficent that treaty has been for both the nations the publicists of both nations are prompt to acknowledge. It has disappointed every prediction of evil that was uttered in regard to its probable effects, and it has realized and more than realized every hope of good that its friends announced or entertained. It has proved to be an unqualified boon to all the parties to it, which none are more ready to confess than those who were at the outset apprehensive of the most disastrous result. Now what Cobden and Chevalier have done for these two leading nations of Christendom, it is proposed to do for France and the United States. It is proposed to recognize by treaty the commercial needs of each nation, to promote the realization of them in the broadest way, to secure for each and for both inestimable gains, and to stimulate the impulse to those pacific reciprocal modes of International diplomacy, which, if they generally obtained, would leave little for the harsh hand of war to accomplish. While in Eastern Europe the aspect bristles with

bayonets, we hope to give to Western Europe, and to this side of the Atlantic, the promise of a spreading and stable peace, and of increasing thrift and occupation. Man's real business on earth is to possess and subdue it, or to assert his mastery of the natural forces, which he achieves by turning them from destructive to constructive and auxiliary agencies ; and that great function is amazingly assisted when the nations work together for the end. How terrible, how cruel, how wasting and demoralizing war is, we all know ; but can we not do much to arrest its fatal march and to correct its wasting methods by the means suggested in this simple pamphlet?

Our French friends, in the number of whom the reader will recognize many well known names, solicit us to meet them half way, in a process of commercial emancipation. Their own custom-laws, like ours, were many of them enacted at a period when people were in the habit of taking short-sighted views of their true welfare. They desire to get rid of these as we desire to get rid of ours, and the mode they prescribe is by a common effort. " You are suffering as we are suffering," they say " under prohibitions and restraints, that are exceedingly injurious to both of us ; let us relieve ourselves by a liberty that will be exceedingly beneficial to both of us." They do more ; they show in a few words the ways in which the benefits are going to accrue. It is not by sweeping and ill-considered changes, but by judicious modifications. " Let us take up our respective tariffs, let us compare

them together ; let us see in what particulars they can be amended so as to prove helpful to both ; and if there are products of yours for which a wider market is to be had by opening with you a wider market for products of ours, in the name of common sense and justice let it be done." Can anything be more rational ? Why continue a mute war of prohibitions and exclusions which does neither good, which does both sides evil, which a stroke of the proper pen can stop ?

II.

THE FRANCO-AMERICAN COMMERCIAL TREATY.

LETTER TO M. LÉON CHOTTEAU.

BY M. MÈNIER.

SIR :

You ask me for a preface to the pamphlet which you are publishing with a view to demonstrating the necessity for a commercial treaty between the United States and France. I send it to you willingly ; for my sympathy is enlisted in a work of such importance.

I think that the time will come when it will no more be necessary to make commercial treaties than it is necessary to-day to conclude a treaty between Normandy and Brittany for the purpose of ensuring the exchange of their respective products.

Posterity will look upon tariffs with the same wonderment with which we regard the ancient economic organization of France. Although sound economic ideas are making rapid strides forward, these international conventions are still required to assure the stability and security

of which commerce and industry are yet in need. But to make no mistakes, this security should be founded on the law of supply and demand, and not on the system which under the pretext of favoring the producing interests of a country, gives an abnormal increase to the business of certain classes of producers to the detriment of great body of consumers.

This system is known under the name of "protection," for the reason, doubtless, that with a view to protect a few, it is injurious to many.

In France we have long suffered from the agitation raised by the protected in favor of the system which protected them. Their arguments were very simple. They proved that if customs duties were abolished they would be obliged to close their works, to throw their men out of employment; in a word, they would be completely ruined. It is true that by this mode of arguing they proved that their profits were made to the injury of the whole body of consumers, who, had it not been for protection, could procure at less cost the objects which they were obliged to buy. But this answer did not disconcert them in the least.

However, after the reform of 1860, this reply to the protectionists' arguments gathered force, for facts showed that the protected producers who had been so loud with their outcries had made more noise than the circumstances had justified; for notwithstanding the want of protection, the most of them continued to do an excellent

business. We have here the defect of every protective system ; it makes the consumer pay an inflated price for objects which could otherwise be bought at lower rates ; it has created monopolies for the benefit of certain classes of producers ; it gives privileges to certain classes of manufacturers. What is a privilege ? Taxing the many for the benefit of the few. Privilege means spoil. But at the same time the situation of the privileged ones is precarious. They have founded their business on their faith in high tariffs ; they have established it under unfavorable conditions at great expense, saying to themselves : " What does it matter ? we are protected by tariffs." They did not consider that against them were formidable enemies ; all the consumers at home, anxious to live cheaply, and all foreign producers.

We have here the phenomena of endosmose and exosmose. Nations endeavor to gain access to each other by the exchange of ideas or of products, and they succeed even by smuggling if it is necessary.

No manufacturer to-day will deny the necessity of the division of labor. It is the foundation of every industrial organization. It should also be the foundation of the commercial policy of nations ; for as all are not placed in identical geologic, climatic, hydrographic conditions, they cannot all produce the same things and all things necessary to their needs. If from any of the above mentioned causes, the conditions of production are not the same, there must be exchange, and the

easier this exchange, the greater the advantages for all.

Instead of understanding this simple truth, each nation has gone to work to hamper, and often to prevent this exchange. We have seen, we see now the following strange phenomena: on one side, vessels are built under the best possible conditions; engineers do their best to increase their speed, to lessen the quantity of fuel necessary, to reduce the number of men indispensable to man them, in order to carry freight at low prices, and then, when we see realized after great efforts the most favorable conditions under which merchandise can be transported from one place to another, the merchandise is stopped by a formidable barrier: the Custom House. A tariff is imposed which nullifies all the efforts which have been made to facilitate its transportation, so that we can say that financial genius has for its object to paralyse the genius of invention. We have here a struggle between two contrary principles, political combinations having for their end the nullifying of the ascendancy of man over matter. And at whose cost does this struggle go on? Who pays for it? The many.

I said in 1869, as President of the "League of Industrial and Commercial Liberty," that "while the interests of the producer are paramount, that of the consumer is forgotten. But the producers are consumers in their turn, and they pay on their side, the cost of the struggle. They pay it even as producers. In the United States they are finding this out to-day.

In 1816 as in 1865 the Americans committed a great commercial mistake; they wished by raising their tariff rates to make foreign nations pay the debts of the United States. What was the result? That foreign commerce deserted them. Then a certain number of manufacturers said, "So much the better! From foreign competitions we can be independent; we shall produce all that we need; we shall no longer pay foreign tribute."

But the crises through which the United States are now passing, the strikes which have taken place, should prove to all the dangers of such a system. Products are exchanged for products. Such is the economic law. When a market is closed to foreign products, foreign commerce deserts it. The foreign nation in its turn retaliates by similar restrictions. Instead of a union of interests, there is a war of interests. Then home products finding no outlet glut the the market; the consequences are plethora and crises. This is what is taking place in the United States. Instead of applying themselves to the production of cotton, coffee, wheat, tobacco, meat and precious metals, they wished to compete with the whole manufacturing interests of Europe; hence the crises and the failures so frequent during the last two years, and failures from which New York has perhaps suffered most.

They wished to protect silk by a tariff of sixty per cent., aggravated by Custom House red tape. Has the

silk industry prospered in the United States? Did not the great manufacturer of Newark threaten, a few months ago, to close his establishment, or to reduce the salaries of his workmen fifteen per cent.?

Such is the fatal result of the protective system: it gives an artificial vigor to this or that business, which makes it possible to raise salaries, and then when the reaction takes place, strikes occur, throwing men into poverty, and bringing on social disturbances. In the United States, twenty miles from St. Louis, are mountains of iron ore; yet for the last three years the production of iron has steadily diminished:

1873	-	-	-	-	-	2,868,000 tons.
1874	-	-	-	-	-	2,689,000 "
1875	-	-	-	-	-	2,266,000 "
1876	-	-	-	-	-	2,050,000 "

Why? Because cast iron costs about fifty-four francs more than in Europe; the raw products, the workmen, the freight charges, having all been benefited by the protective tariff. Then the demand stopped. The United States also wished to protect the merchant marine; and they, who have splendid harbors, superb rivers and an immense coast line, and cotton, wheat woods and metals to export, built last year twenty-five steamers, of a capacity of 21,000 tons, while England built 719 sailing vessels and 348 steamers, of a capacity of 473,000 tons. Such facts are significant. I am not surprised that a Free Trade club has been organized in

Boston, for that town cannot forget that she owes her prosperity to her old-time privileges as a free port. I am not surprised that other free trade clubs have been organized in other cities of the Union, for a reaction in favor of commercial liberty must inevitably have taken place against the protective system.

I am convinced that the time of the Exhibition of 1878 is well chosen for an assembly of the representations of the commercial and manufacturing interests of both countries to meet in open debate, and to lay the foundations of a treaty of commerce between France and the United States. We hope to be heard on the other side of the Atlantic, when, speaking to the people of the United States, we say: "What! your fathers rebelled against England because she imposed upon you her own prices for cloths, iron ware and manufactured articles of all kinds, and to-day, in order to protect certain manufacturers lured by this artificial protection, you condemn yourselves, condemn the great mass of the people of the United States—for all are consumers to a certain extent—to pay sixty, eighty, ninety, one hundred per cent. more than their real value for articles which you need, if furnished by a foreigner! You will not succeed in ruining the manufacturers of the world. You will teach them to do without you; not to include you in their calculations. You can rejoice over your isolation. The Chinese also congratulate themselves upon remaining impenetrable to outside influences. They, at least, are logical; but you are not logical. You receive stran-

gers willingly ; no nation receives them better, or offers more facilities for naturalization ; you prescribe for immigrants no form of worship ; you are receptive of all new ideas, and while from an intellectual and moral point of view you would be indignant at any proposal to erect barriers between yourselves and other nations, you accept barriers, so far as the exchange of products of other nations is concerned. That Russia sanctions protection can be understood. Protection is the logical consequence of the controlling role, which the state assumes. The Czar wishes to lead his people to riches, to happiness, to glory ; to that end he protects them against the invasion of foreign ideas and products, and he continues his role of providence, confident of his own power to create riches, to create a people, and to manage in his own way the affairs of each one, even in violation of economic law.

But is it thus with you, adherents of self-government ; you who have for maxim “ each one must rely on himself, on his own energy, on his own enterprise, and not on the protection or aid of the state ? ” What are you doing with your protective tariffs ? They are the very negation of self-government. They are in flagrant contradiction to all your ideas, all your theories, all your social and political practices. And it is precisely because this contradiction is flagrant, that sooner or later, by virtue of the logical similarity which governs phenomena of the same order, you must substitute for protection free trade.

Paris, December, 1877.

MENIER.

III.

THE AMERICANS AT PARIS IN 1878.

BY LÉON CHOTTEAU.

The idea of bringing together the producer and the consumer is French. We can even say republican. It was in France in the year VI of the Republic that the first exhibition was organized. The example was followed by Belgium in 1829 (Gand ?) by Prussia in 1834 (Berlin), by Austria in 1835 (Vienna), and by England in 1851 (London). England laid the foundations of an international meeting. She broke new ground. If France did not give to the exhibition of 1849 the international character which the Minister Ferdinand Flacon wished to give to it was because the Chambers of Commerce sent negative answers to the proposition. So early as 1833 M. Boucher de Perthes said at Abbeville: "Why are these exhibitions still restricted? Why are they not organized on a really large and liberal scale? Why are we afraid

to open our exhibition halls to the manufacturers whom we call foreign, to the Belgians, to the English, to the Swiss, to the Germans? How grand, how rich would be a European exhibition. And do you imagine that the country in which it took place would lose anything by it? Do you think if the Place de la Concorde which was opened on the 1st of May, 1834, to the products of French manufacturers had been open to the whole world, do you think I say, that Paris or that France would have suffered, and that afterwards we should manufacture less and not so well? No, France would have suffered no more than the capital. Exhibitions are always useful; they offer everywhere profit and instruction. The first Republic conceived the idea of a competition of workmanship. If the minister of 1848 had not shown himself so timid, the second Republic would have called together the congress of manufacturing nations which London, following the report of the architect Digby Wyatt, saw in 1851.

Let us be sincere. International Exhibitions have been so far unintelligible in some respects to those taking part. Europe, Africa, America, Asia, and Oceanica meet in Paris, in London, in Vienna, or in Philadelphia. Then, poets proclaim the brotherhood of nations and hail the dawn of an era of concord and peace, because Russians, Germans, Englishmen, Frenchmen, Africans, Asiatics had admired together the same flags, heard the same music, eaten of the same dishes, drank the same champagne.

Events strangely upset the programme. After 1851, and during 1855, the Crimean war; after 1855, war in Italy; after 1867, Sedan; after 1873, Servia; after 1876 the passage of the Pruth. In presence of these disappointments caused by political crookedness the singers smiled and modulated new melodies. War remained inevitable; those who organized exhibitions endeavored to draw the nations together the day after the battle or on the eve of one. Even yesterday we accepted on faith the songs of the poets. To-day we are more difficult to suit. Study and observation of the objects exhibited leads to free trade which authorizes free competition an international right which will put an end to this war between nations as private rights have put an end to war between individuals, and will ensure security to honest energy.

The Americans hesitated, at first, about coming in large numbers to Paris. They thought to find here in an arena open to display and vanity, the loud and-vulgar shows accorded in the past to the people by Queen Victoria, the last Bonaparte and by the Emperor Francis Joseph. This fear was without foundation. Minister T. de Bort who proposed to the Chambers the great enterprise of 1878, and the Chambers who favored by a vote of credit the carrying out of the project, had no intention of organizing a parade. M. M. Krantz and Deitz Monnin, eminently responsible men, have been at the head of the work.

We hope to show the world what progress has been

achieved and what unknown departments in the arts and manufactures remain to be explored. We wish to stimulate the genius of nations and unite interests. At the time in which we live, thought knows no fetters, and governments which try to fetter it commit an anachronism.

The question of Free Trade, if satisfactorily settled, will increase the productive power of nations and will modify, in making free, the institutions of Europe.

The United States possess political guarantees which all the nations of the old continent do not enjoy ; but the Americans have organized a system of excessive protection. They see Europe grow rich and Europe's future assured by giving up duties ; a positive proof that protection is injurious to-day to the growth of riches, and threatens to endanger liberty to-morrow. From afar one appreciates better one's own country. We hope that the Americans will come here and study our country by the light of our European markets.

It has been said that an American had his brain not only under his skull but in every part of his body, even to the ends of his fingers. In 1788 seven bales of cotton were landed at Liverpool ; the captain of the vessel declared that the merchandise came from the United States. The bales were seized and the blotter of the Custom House read " False statement, as the United States produce no cotton." The extensive brain was already working prodigies.

Lord Chatham in 1750 did not wish to tax the colonies,

but he said to the future rebels: "If America makes a stocking or a horse-shoe nail, I would advise that she be made to feel the whole weight of England." Before the war of Independence, England tolerated no manufacturing in the colonies, and the period which precedes the act of the Fourth of July, 1776, is marked by many annoyances. Charles the II, in 1651, 1660, 1663 foreshadows the future by obtaining from Paliament a vote on three Navigation Acts, destined to paralyze the commerce which the colonies wished to carry on between themselves and foreign nations. From 1775 to 1783, Washington brought to a successful issue a struggle begun in the name of commercial liberty. Foreseeing the victory of the colonies, Adam Smith advised the Americans to clear their lands and devote themselves entirely to agriculture. The Americans guided by their triple or quadruple brain became at the same time agriculturists, navigators, manufacturers and merchants. Toward the end of 1776 the Philadelphia Congress proposed to enter into commercial treaties with Prussia and Tuscany. The eight years of war nearly ruined the United States, and Washington in 1790 thought best to ask from Congress a protection tariff. Until 1816 the duties were reasonable. In 1816 there was a sudden rise in the rate of custom duties; the war of 1812 with England exhausted the treasury, and foreign commerce was obliged to make up the deficit. In 1832 the national debt is very nearly wiped out. At the proposal of Henry Clay

it was decided that every duty of more than 20 per cent. *ad valorem*, should be reduced from year to year, until this uniform rate was reached. Toward 1840, began the agitation which has been called the tariff war. Men like Mr. Carey of Philadelphia wrote books and pamphlets in favor of a vigorous system of protection. The high tariff of 1842 was the result of these efforts.

In 1857 they went back to the tax of 20 per cent. But the South, four years afterward rebelled against the North.

When Lee surrendered to Grant at Appomattox Court House the republican party by excessive custom duties tried to make manufacturing Europe pay the national debt. In serving the interests of the treasury it was the intention to show their strength to England who had armed the "Alabama," and to Bonaparte's government which had sympathized with the South. To be sure Thaddeus Stevens in the House of Representatives and Charles Sumner in the Senate Chamber were patriotically right in wishing reprisals. They made a mistake in thinking that by keeping away English and French commerce they would hurt England and France alone. When the duty rises from 4 or 5 per cent. to 50, 60, or 70 per cent., it is equivalent to prohibition and ceases to be levied because there are no goods to levy on. This is what has been lately shown in connection with the Lyons workmen. The Lyons exporters send very little silk to the United States; they suffer greatly and the American

Custom House receives next to nothing from this quarter because it has been too greedy. Such is the situation.

The English acted under a wiser inspiration. In 1826 they levied on silk a duty of only thirty per cent., and the innovation bore fruit so well that the manufacturers of Manchester complained in 1852 of being too much protected by this remnant of protection. They asked relief from the government "by abolishing the duty on silk goods of foreign origin, not partially or gradually, but completely and immediately. France who followed England in the same direction of commercial franchises, at first objected. On the 27th of May, 1814, the Chamber of Commerce of Rouen addressed to the King, Louis the XVIII., a petition in which we read "Prohibition is a political and social right. From the manufacturer to the workman all demand, and undoubtedly with good reason, the right to furnish exclusively the country in which they live."

Since 1860, we have floated with the current which carries along nations strong enough to disdain the suggestions of economic empiricism. The United States still resist. Why? Because until now we have neglected to plant the seeds of the great work of the nineteenth century.

The Centennial of Independence offered us an admirable occasion. If, from May to November, 1876, a Frenchman, inspired with the faith which moves mountains, had created in America, by the newspapers and by

meetings, a current of opinion favorable to a commercial treaty between France and the government of Washington, it would perhaps already have been signed. Thanks to the indifference of a few persons and the animosity of one other person, the 630,000 francs set apart for the Philadelphia Exhibition have been of no benefit to our manufacturers.

Our exporters wait for the treaty which will prevent the sudden variations of duties. This treaty will be valuable to France because calamities like the Lyons crisis will become henceforth almost impossible with us. It will be no less valuable to the United States because it will enlarge and strengthen the sources of public prosperity in the United States.

How shall we prevail upon the Americans to introduce in their laws the change which has taken place in Europe. Accord can only result from a movement begun in France and co-operated in over there. If French energy is persistent, the rest will follow, since competent Americans have already promised to second our efforts in Paris.

A committee acting in Paris will see its work completed by another committee established in New York or in Boston. The country will be ripe for it in 1878. There will be opened during the Exhibition between the American exhibitors and our compatriots the debates which always precede the signing of an important treaty. The foundations of the treaty can be determined upon : and when the Americans go back to the United States,

the governments of Versailles and Washington will have nothing to do but to ratify the conditions of the treaty guaranteed by the interested parties themselves. This end will justify the work which has long been carried on by some of the most honorable representatives of French industry. It will be attained, if common interests once well understood unite industries which division paralyses and constitute of all these shattered forces one continuous chain.

IV.
COMMERCIAL RELATIONS WITH
FRANCE.*

BY J. S. MOORE.

It is generally admitted that, in order to revive our commerce and industry, it is absolutely necessary to have a more extended foreign trade.

The total imports from France in 1877 amounted to \$50,355,540, and our total exports to France in 1877 amounted to \$46,233,793: the grand total being \$96,589,333.

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In justice to Mr. Moore it should be stated that this article was written prior to Mr. Chotteau's visit to this country; and was sent to the *North American Review* early in February last. It will thus be seen that the important question of our better commercial relations with France, took its initiation on our own soil, at the very time when the great economists of France were considering the same subject.

The imports and exports of bullion comprised in the above figures were: Imports of bullion from France, \$2,799,248; exports of bullion to France, \$2,135,450—showing an increase of imports in bullion over exports of \$663,768: yet the actual balance of trade was against us to the amount of \$4,121,747. This circumstance in itself is by no means a very serious feature, as it has been proved over and over again that a country can be, and, as an example, during the last few years the United States has been, in commercial and industrial distress, with the balance of trade in the aggregate in her favor. But when we analyze the nature of our trade with France, we find the result far from satisfactory. Of our \$46,233,793 exports to France, twelve items represent no less than \$44,336,013, as follows:

Cotton, raw,	\$25,450,939
Provisions,	4,662,844
Petroleum,	3,355,104
Leaf-tobacco,	2,491,421
Bullion,	2,135,450
Breadstuffs,	2,036,807
Copper in ingots,	1,880,000
Tallow,	1,234,260
Lumber, staves, etc.,	356,960
Hides and skins,	335,900
Whale-oil and whalebone,	251,054
Hops,	145,274
Total,	<hr/> \$44,336,013

Leaving barely \$2,000,000 of exports for all manufac-

tured goods. As it will be observed that the above items represent the crudest agricultural products, bread-stuffs, petroleum, ingot-copper, tallow, etc., the question now arises, "Why do we not export more of our manufactures to France?"

As a comparison of our exports of the same manufactured goods to England, Germany, and France, respectively, the following table, of but a few items, will give the reader a better idea in how far we are cut off from the French market with our manufactures:

EXPORTS IN 1877.

ARTICLES.	To England.	To Germany.	To France.
Cotton fabrics,	\$1,740,365	\$257,944	None.
Iron and steel manufactures,	1,108,901	837,166	\$117,309
Leather of all kinds, including morocco,	4,785,265	1,527,076	19,515
Wooden-ware and furniture,	476,820	247,891	47,539
Sewing-machines,	479,710	587,684	38,281

It would be useless to follow up the list of smaller items, but the above gives a fair idea that we are precluded from selling our manufactured goods in the French market. And, what is still more melancholy, is the fact that this is not owing to our inability to compete, seeing that we do compete, both with England and Germany, in their own markets, with the manufactured goods so far named.

The unsatisfactory state of our commercial relations with France is owing to the fact that our commerce is classed under the general tariff of France, and we are not allowed to participate in the benefits of the liberal treaty tariff. It should be understood that the French

have two distinct tariff laws. The one (the old tariff) is called *tarif général*, full of prohibitions and high rates of duties, and the other the *tarif conventionnel*, which is the celebrated Cobden treaty tariff, and only nations who have an express commercial treaty with France come under the category. The nations who have a commercial treaty with France are—Great Britain, Belgium, Italy, Switzerland, Sweden and Norway, the Netherlands, Portugal, Austria, Turkey and Germany.

Any of these nations sending fabrics of cotton to France are charged a duty in a specific form, averaging from 40 francs for 100 kilos (or 220 pounds) to 95 francs on unbleached cotton goods. But if it comes from any other country, that has not a commercial treaty with France, for instance from the United States, it is prohibited entirely.

Iron, for instance, pays under the treaty tariff a duty of 6 to 7 francs 50 centimes per 100 kilos. But, if it comes from the United States, the duty is 15 francs to 19 francs per 100 kilos.

Tanned leather pays a duty of 10 to 60 francs per 100 kilos under the treaty tariff, while under the general tariff the duty is from 57 to 147 francs per 100 kilos.

Machinery, under the treaty tariff, pays a duty of from 6 to 10 francs per 100 kilos, but under the general tariff the duty is from 21 to 75 francs per 100 kilos. And so it goes on through the whole tariff list on manufactured goods. What is not absolutely prohibited, is charged

from three to four times more under the general tariff than under the treaty tariff. Thus it will be seen that we are precluded from having a trade with a great country like France, in manufactured goods, not because we do not manufacture articles she needs or wants, or because they are really too dear, but simply because the tariff law of France prevents the trade.

It should also be understood that, in the several articles we do export largely to France, such as raw materials, grain and provisions, no difference is made in France in the duties, if they came from tariff-treaty countries or others.

This, then, explains the whole mystery why, in an export of over \$46,000,000 to France, less than \$2,000,000 is made up of manufactured goods. Now, France is no doubt perfectly willing to allow us to come in under the treaty tariff. But she says (and perhaps not very wisely): "As long as you in the United States charge a heavy duty on our products, we cannot admit you to our liberal tariff. What we want is reciprocity."

It will therefore be necessary now to explain in how far our high duties injure imports from France. First, I will show the chief imports from France in 1877, and the rate of duties charged on them.

Of the \$50,353,540 imports from France in 1877, \$7,201,881 were admitted into the United States free of duty, leaving some \$43,000,000 imports dutiable, and the chief items were as follows :

ARTICLES.	Value of Imports.	Rate of Duty, calculated ad valorem.
Buttons of all kinds,	\$842,647	30 per cent.
Articles of clothing,	127,633	56 "
Cotton fabrics,	2,231,058	Average 40 "
Earthenware,	544,320	" 40 "
Fancy goods,	1,784,970	35 "
Sardines,	685,164	50 "
Linens, etc.,	354,162	40 "
Fruits of all kinds,	521,349	25 "
Furs and dressed skins,	781,769	20 "
Glassware,	250,329	45 "
Iron and steel manufactures,	401,082	Average 40 "
Leather of all kinds,	3,095,685	25 "
Kid gloves,	1,186,109	50 "
Leather manufactures,	142,501	35 "
Metals,	290,499	Average 30 "
Olive oil,	297,796	51 "
Paintings, etc.,	378,661	10 "
Precious stones,	1,032,758	10 "
Manufactures of silks,	12,709,932	60 "
Watches, clocks, etc.,	230,419	25 "
Spirits, brandy,	1,100,966	104 "
Wines, champagne,	1,613,417	51 "
Still-wines in casks,	951,055	85 "
Manufactures of wool,	7,682,345	Average 56 "
Total,	\$39,236,626	

It will thus be seen that nine items alone, amounted to \$26,354,417 out of these \$39,236,626 imports, pay a duty of fifty per cent. and over in the United States:

ARTICLES.	Value of Imports.	Rate of Duty, calculated ad valorem.
Silks,	\$12,709,932	60 per cent.
Manufactures of wool,	7,682,345	56 "
Brandy,	1,100,966	104 "
Still-wines,	951,055	85 "
Kid gloves,	1,186,109	50 "
Champagne,	1,613,417	51 "
Olive oil,	297,796	51 "
Articles of clothing,	127,633	56 "
Sardines,	685,164	50 "
Total,	\$26,354,417	

Then arises the question whether, for the sake of obtaining revenue, we can afford to lower our duties on the above articles in order to conciliate the French trade.

There is no doubt that lower rates of duties on silks, manufactures of wool, sardines, kid gloves, clothing, and olive oil, would bring us more revenue than we get now from these products.

The tax on brandy is not higher in the United States than it is England, while the duty on wine requires more a revision of classification than actual lowering of rates. It is true, the duty of forty cents a gallon on cheap red wines is too high, and should be lowered; but champagne, at six dollars duty on a dozen quart bottles, is barely equal to fifty-one per cent. Thus, it will be seen that the reciprocity tariff question with France is more or less complicated; yet France is decidedly punishing her commerce by keeping us out of the "treaty tariff." She deprives herself largely of the benefits of having many of our manufactured articles cheap, because we tax heavily her silks and wines, which, as is seen, we are still obliged to import largely, notwithstanding the high rates of duties.

Again, France for the last seventeen years has had ample proof that a liberal trade with nations is of the greatest benefit to her.

How strange, and, if I may be allowed to say, blind, is a commercial policy which says, "Because you are taxing your people in the United States sixty per cent. on silks,

we in France will tax American leather fifty per cent., and, by so doing, we will not have as cheep boots and shoes saddlery, and other leather goods, as the English and Germans, who do not tax American leather!" Is it possible for so enlightened a nation as France not to see that a tariff policy which actually deprives the treasury of revenue (as is the case with American cotton goods, now prohibited in France) injures both the revenue and the consumers.

France has found it profitable to buy cotton fabrics and many other articles in England. She certainly does not buy these manufactures simply because all kinds of French products, except spirits and wines, are free in England. But she does buy them because they are cheap, and both trade and consumers are benefitted. If there were no benefits derived from these English products in France, the Frenchman would not buy them. Why, then, should France deprive herself of our manufactures, which the English are buying from us, and in many cases, no doubt, selling them to France as English goods?

The interest of a great commercial nation is to allow its people to have the benefits of the world's productions, without hindrance, from the cheapest markets, subject to judicious charges as are absolutely necessary for the maintenance of the state.

There can be no doubt that a satisfactory commercial understanding can be accomplished between the United

States and France, in a thorough exchange of liberal views, by the eminent men who are now presiding over the destinies of each country.

The commercial interests of both countries, the value and amount of the trade, are set forth in this article, and there can be no doubt that, by a fair commercial understanding, our trade with France can in a few years be doubled, both to exports and imports. That such a happy consumation will give employment to tens of thousands in both countries, be a great boon to consumers, commerce, and industry, and besides add revenue to the Treasury, no one, who can bring only average intelligence to the question can doubt.

V.

THE FRANCO-AMERICAN TREATY OF
COMMERCE.

APPEAL OF THE FRENCH COMMITTEE TO THE PEOPLE
OF THE UNITED STATES.

CITIZENS OF THE UNITED STATES:

AT present no treaty of commerce exists between France and the United States. The absence of any such treaty is equally prejudicial to both countries. It is important, therefore, to bring about a modification in the existing state of things, and, if possible, to convert, for the more ready interchange of our respective products, the general tariff into a conventional one, which should be rendered acceptable to all parties interested prior to its ratification at Washington and Versailles.

A committee, for the purpose of stipulating the basis upon which such a treaty should be drawn up, has been formed at Paris, and we would now request of you to organize in the United States a like committee, which

would at once enter into communication with us on the subject. The co-operation of these two committees might then, without loss of time, so combine their efforts as to prepare the way for a Franco-American Congress, to be held in Paris during the exhibition of the present year. After careful investigation and close discussion by the Congress of the whole question, resolutions might be adopted and submitted with a higher degree of confidence to the governments and parliaments of France and the United States.

From that moment, the part we shall have been called upon to enact will be at an end. Much will, however, remain for us to accomplish, in view more especially of awakening public attention to the necessity of promulgating a law which, whilst better ministering to the wants of the two nations, would finally assume the form of an international agreement.

Our interests, although in reality identical, are rendered antagonistic by existing legislation. On what ground will it be possible to reconcile them? Whilst not attempting any absolute solution, or the use of means involving sudden and radical changes, we have hopes to attain our end by the advocacy of a more practical measure, viz., that offered by the gradual reduction of tariff rates.

Mr. Sherman, your minister of finances, has moreover taken this view of the question, a view which, we trust, will be acceptable to all. The sixth report of the

commission appointed by Mr. Sherman, for the purpose of modifying the custom-house duties of the United States, shows that, out of more than 2,500 articles rated, 823 pay *ad valorem* duties averaging from 10 to 75 per cent., 541 pay specific duties, 144 pay taxes of various sorts, and 1,000, although not enumerated, are always liable to certain dues.

These 2,500 articles do not yield to your public treasury as much revenue as you would be justified in expecting from fifteen or twenty articles less heavily rated. Such is the conclusion at which the report seems to point.

The sub-committee of ways and means of the House of Representatives at Washington was doubtless actuated by the same conviction when it promised to modify your tariff, so as to favor the importation of European goods into the states, and to put new life into your export trade.

Such action on the part of Mr. Sherman and the sub-committee of Congress, in favor of a diminution of custom-house rates, shows that facts have enlightened the Republic of 1776.

For over a century the current of emigration flowed without abatement towards your shores. Of late, however, the tide has slackened, and it decreases annually. Have you not been compelled to admit that, within the last few years, many an emigrant has gone back home to Europe, in consequence of his not being able to find proper remuneration for his labor in the United States?

How comes it that, in the midst of any amount of work waiting to be accomplished, no work is done, when capital abounds in your midst?

Whence is the evil?

Your answer may be that crises have alarmed the United States at times when custom-house rates did not reach an unreasonable limit. You must perforce acknowledge, however, that the tariff which obtains to-day has in a great degree contributed towards and aggravated your sufferings.

Did you reflect on the depressed state of industry in America, you would at once see that heavy taxes are always paid by the consumer.

The mean average of custom-house rates being forty per cent. in the United States, and constituting a prohibitory tariff, why hesitate to seek with us the possibility of opening to yourselves anew those markets of the outside world, which a too rigorous legislation has closed to your energy and exertions?

You can no longer say: To buy an article in France is tantamount to encouraging French industry, at the expense of home industry, and is doing an injury to one's country. You have long since admitted that a barrel of Bordeaux wine, when unloaded at the wharf at New York, at once causes the purchase of a sack of corn or a barrel of petroleum. The products of each country should be rendered more easily interchangeable, as every sale induces a corresponding purchase.

If the sub-committee of ways and means of the House of Representatives at Washington obtains from Congress the custom-house reforms it recommends, France will have no guarantee against the possibility of a subsequent increase of rates; for, if to-day you lower your duties, you may think it advisable to raise them to-morrow. Has not your tariff been remodeled some forty times since 1789?

And supposing that your legislators should maintain, even for a lengthened period, the admitted reductions, their faith in respect to the future would in no wise remove the obstacle offered by the general French tariff. Our tariff, in fact, prohibits, in the most absolute manner, the entrance into France of your cotton and most of your woollen staples, such of your cast-iron products as do not belong to a particular category, your wrought-iron and most of your works in metal, your refined sugar, your varnished or dyed leathers, etc., etc.

A conventional tariff, whilst regulating your interests and our own, would bring to the two great Republics that security which quickens energy, and encourages enterprise on a large scale.

Such a treaty cannot prove obnoxious to France and the United States if private initiative first determine the basis which the Paris Congress will be called upon to construct.

Let us therefore mark out a common line of action, and endeavor by co-operation to facilitate the task al-

lotted in last resort to the parliaments of both countries.

And you, on your side, give us the tangible proof that our voice finds an echo on the other side of the Atlantic, and that you accept—by the formation of a central American committee in your midst—our offer to cement a more substantial and enduring link than that which has for some time past existed in our relations of trade and amity.

Paris, Feb. 3, 1878.

MENIER,—PRESIDENT,

Manufacturer, member of the Paris Chamber of Commerce, representative of the department Seine-et-Marne in the Chamber of Deputies.

L. HIÉMARU,—VICE-PRESIDENT,

President of the General Syndicate of the Union Nationale du Commerce et de l'industrie.

ALFRED KÆCHLIN-SCHWARTZ,—TREASURER,

Manufacturer.

LÉON CHOTTEAU,—DELEGATED MEMBER,

Publicist.

EDMOND DUTEMPLE,—SECRETARY,

Publicist.

MEMBERS.

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EMILE BRELAY, Manufacturer, representative of the Department of Seine in the Chamber of Deputies.

COURCELLE-SENEUIL, Economist.

DIETZ-MONNIN, Manufacturer, ex-deputy, director of the French section at the Exhibition of 1878.

LÉON DROUX, Civil engineer.

PASCAL DUPRAT, Representative of the Department of Seine in the Chamber of Deputies.

HENRI FOULD, Commission merchant.

E. DE GIRARDIN, Editor of the French political organ *La France*, representative of the Department of Seine in the Chamber of Deputies.

YVES GUYOT, Editor of the French political organ *Le Bien Public*.

ADOLPH HONETH, President of the Paris Chamber of Commerce.

OSCAR DE LAFAYETTE, Senator.

EDOUARD LABOULAYE, Member of the French Institute, Senator.

LAISANT, Representative of the Department of Loire-Inférieure in the Chamber of Deputies.

LAURENT-PICHAT, Senator.

LEVOIS, Member of the Paris Chamber of Commerce.

GUSTAVE DE MOLINARI, Corresponding member of the French Institute, connected with the *Journal des Débats*.

MAURICE ROUVIER, Representative of the Department of Bouches-du-Rhône in the Chamber of Deputies.

SCHEURER-KESTNER, Senator.

CHARLES-MAURICE DE TALLEYRAND-PÉRIGORD.

P. TIRARD, Representative of the Department of Seine in the Chamber of Deputies.

WILSON, Representative of the Department of Indre-et-Loire in the Chamber of Deputies.



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